

Divisions Affected – N/A

CABINET

23 April 2024

Approval of new managed service recruitment contract

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. The Cabinet is RECOMMENDED to:

- (a) Approve the award of the managed service recruitment contract as Oxfordshire County Council's (OCCs) strategic supplier for our contingent labour workforce as set out in Confidential Annex 1. The aim is to award the contract by 1 June 2024 and the contract duration will be three years plus the option for a one-year extension; and
- (b) to delegate the finalisation of terms and conditions to the Director of Workforce and Organisational Development in consultation with the Head of Legal and Deputy Monitoring Officer and Head of Procurement.

Executive Summary

- 1. Since 2017 OCC has been managing its contingent labour (temporary agency workers and interim staff) through a managed service provider offering a neutral vendor approach.
- 2. Whilst OCC's aim is to reduce the reliance on agency workers in the organisation there will always be a need for a contingent labour workforce e.g. to cover vacancies before a new employee is recruited, to assist with high volume workload, to carry out ad hoc project work, to fill niche or hard to source roles, or cover for an employee's long term sickness absence.
- 3. It is therefore important that the council attracts high calibre workers to meet this need and to view these workers as part of the workforce providing services to our residents.
- 4. Agency workers currently account for around 10% of the total pay bill, the aim is to reduce this by procuring a managed services provider who will work with the council in partnership, looking at ways of reducing agency margins and therefore cost to the organisation whilst ensuring no loss on quality of service provision.

5. From conducting a full review of service requirements and carrying out a robust tendering process, the council has identified a partner of choice to work with to assist with reducing agency spend and to maintain the provision of high calibre agency workers.

Background

6. OCC has been contracted to a managed service provider for 6 years and as the contract end date is November 2024 it was timely to conduct a full-service review and test the market for options on managing the council's contingent labour workforce (agency/interim temporary workers).
7. In early Autumn 2024, the council is bringing its resourcing and recruitment services back in-house with a new talent acquisition and resourcing team who will seek to reduce dependency on agency workers in the organisation by filling vacancies through an enhanced resourcing service, an improved employee value proposition (EVP¹) and brand. However, there will always be a need for a contingent labour workforce e.g. to cover vacancies before new employees join, high volume workload, ad hoc project work, niche/hard to fill roles, or cover for long-term sickness absence.
8. The current contract expires in November 2024 and during 2023 a thorough review of the services required was conducted compared to the ability to support the future organisational need to work in partnership with the new resourcing team and hiring managers.
9. The current service provision was compared to a range of alternative options such as bringing agency work back in-house and joint venture working to facilitate cost effective ways of reducing agency spend and filling temporary vacancy needs in a timely manner.
10. In addition, consideration was given to how to reduce off contract spend which has increased during this time and so it was determined that OCC needed to adopt a more partnership approach with a contingent labour supplier to facilitate this.
11. A business case outlining the options which were considered and detailing the approach to sourcing and awarding the contingent labour contract from an existing framework was determined during 2023.
12. The contract award for contingent labour services is for 3+1 years with an estimated total value of £100m.

Exempt Information

¹ A set of offerings that an employee receives in return for the skills, capabilities and experiences they bring to the organisation.

13. If approved, the award of this contract should be exempt from any publication. This is because eight tender proposals were received, including the incumbent provider, and notification of the outcome of all bid proposals will not take place until 2nd May, after the decision to award is made by Cabinet. Direct feedback on the outcomes of all tender proposals is being arranged.

Financial Implications

14. There is no additional funding required for this management services contract. No expenditure is incurred until the provision of contingent labour has occurred, and this will be managed and funded through existing directorate budgets.
15. The contract includes key performance indicators, and benefits such as reducing the agency margins and therefore the overall cost of provision will be monitored through the contract management arrangements that are set out in the contract.

Comments checked by: Ian Dyson, Director of Finance Services
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Legal Implications

16. The contract award will need to be reflected in the negotiation and issue of a legal agreement following the formal award of contract. Legal Services will be engaged to assist in this work.

Comments checked by Paul Grant, Head of Legal Services

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EXECUTIVE DIRECTOR OF RESOURCES AND SECTION 151 OFFICER

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